

The Connecticut General Assembly

House Democrats



PRESS RELEASE

August 30, 2016
For Immediate Release

Richard Price
860-240-0071

GOVERNOR SIGNS NEW BANKING REFORM BILL

Wide-ranging Legislation Overhauls Consumer Financial Laws, Expands Protections

State Representative Matthew Lesser (D-Middletown) announced massive new legislation that will provide ground breaking protections for consumers and new tools to help jumpstart Connecticut's economy. Governor Malloy signed the bill alongside consumer advocates and small business people in a ceremony on Tuesday.

"For too long, the playing field has been tilted against Connecticut families and small businesses," said Rep. Lesser. "It's so critical that our laws be written with the interests of regular people in mind – preserving access to credit while making sure that we have an economy that works for everyone. This legislation proves that we can make Connecticut a better place to do business, not just for businesses considered to be too big to fail.

Middletown resident Erinn Smolowitz is grateful that the state has taken action. "As a victim of debt collector abuse, I am thrilled to see that this legislation protects consumers like me. It cracks down on bogus lawsuits and will make sure that what happened to me doesn't happen to you," said Ms. Smolowitz.

The bill makes Connecticut the first state to license a new type of business to help businesses export their products overseas – allowing small businesses to reach new markets and giving Connecticut businesses a competitive edge.

It makes Connecticut the first state to extend protections from payday lenders and loan sharks under the Military Lending Act to all families, not just families of service members.

It cracks down on discriminatory lending by auto dealers – who may charge women and minorities higher interest rates even when they have the same credit ratings.

It creates first-in-the-nation protections to help struggling homeowners negotiate alternatives to foreclosure with their lenders.

It strengthens protections for consumers facing abuse and frivolous law suits from debt collectors.

The bill's foreclosure provisions include, among other things:

- A new process whereby a court may alter the terms of a mortgage.
- Changes to the foreclosure mediation program that streamlines the process.
- Further foreclosure modifications in favor of the mortgagee.

The bill also addresses:

- Definitions concerning creditors and consumer collection agencies.
- Escrow accounts for mortgage servicers.
- Tenant's security deposits and tenants of foreclosed property.
- The status of possessions left inside repossessed vehicles.
- Student loan servicers.
- A pilot program for local housing authorities to use rental payments as a means of building tenants' credit.
- A report by the treasurer on a way to convert an education savings plan into an Achieving a Better Life Experience (ABLE) account.

Rep. Lesser is House chair of the Legislature's Banking Committee.